

MINUTES OF OCTOBER 22, 2014, COMMITTEE MEETING

**BOARD OF REGENTS, STATE OF IOWA
PROPERTY AND FACILITIES COMMITTEE**

**IOWA MEMORIAL UNION, SOUTH ROOM
UNIVERSITY OF IOWA**

Committee Members Present

Regent Milt Dakovich, Chair

Regent Larry McKibben

Doug True, University of Iowa Senior Vice President & Treasurer, Finance & Operations

Warren Madden, Iowa State University Senior Vice President for Business and Finance

Michael Hager, University of Northern Iowa Senior Vice President for Administration & Financial Services

Patrice Sayre, Board of Regents Chief Business Officer

Presenters

Rod Lehnertz, University of Iowa Director of Planning, Design and Construction; Department of Facilities and Management

David Kieft, University of Iowa Business Manager

Barry Butler, University of Iowa Executive Vice President and Provost

Special Guests Present

Beth Freeman, Federal Emergency Management Agency - Region VII Administrator

Tom Costello, Federal Emergency Management Agency - Region VII Director, Recovery Division

Chair Dakovich called the meeting to order at 1:30 p.m.

Agenda Item 1 - Minutes of September 9, 2014, Committee Meeting

The minutes of the September 9, 2014 meeting, as presented, were approved by General Consent.

Agenda Item 2 – University Agreements / Relationships with Local Public Entities

Policy and Operations Officer Joan Racki provided a summary of the report on University agreements/relationships with local public entities and the requested action to consider recommending to the Board, for first reading, a proposed policy on Payments in Lieu of Taxes (PILOTs).

Each financial vice president commented briefly on the importance of his institution's relationships with local public entities and gave examples of projects on which they had worked together to meet the needs of all parties.

Regent McKibben noted his approval of the proposed policy explaining that the recommended policy is brief, readable and transparent, seeks to maintain the collaborative arrangements with local public entities, while meeting the needs of the Board and the Executive Director for oversight. He concluded by stating that all local taxing authorities will know the Board's expectations regarding agreements with the universities.

The Committee, by General Consent, recommended to the Board approval of the first reading of the proposed policy.

Agenda Item 3 - Register of University of Iowa Capital Improvement Business Transactions

Rod Lehnertz, University of Iowa Director of Planning, Design and Construction, presented the University's capital register. In response to a question from Michael Hagar, University of Northern Iowa Senior Vice President for Administration & Financial Services, Director Lehnertz responded that the Quadrangle Residence Hall would be removed from the residence system and demolished as the new Pharmacy Building will sit on approximately one-half of the site currently occupied by the Residence Hall. Bond resolutions for the Residence System require specific approval of the Board prior to the abandonment of any units in the system.

The Committee, by General Consent, recommended to the Board approval of:

1. Permission to proceed with project planning, including the design professional selection process, for the **Bowen Science Building – Modernize Building Systems** project.
2. The following actions for the **Pharmacy Building - Construct New Facility**, and **Dental Science Building – Renovate Galagan Auditoria** projects, major capital projects as defined by Board policy:
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria;
 - b. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration (Attachments A and B of the docket memorandum);
 - c. Approve the demolition of the original, 1961 College of Pharmacy Building and the Quadrangle Residence Hall; and
 - d. Approve the schematic design for Pharmacy, and project descriptions and budgets for both projects, (\$96,300,000 for Pharmacy and \$2,757,191 for Dental Science), with the understanding that approval will constitute final Board approval and authorization to proceed with construction.

Agenda Item 4 - University of Iowa – Proposed Demolition of City of Iowa City Former Water Plant

David Kieft, University of Iowa Business Manager, presented the request for the demolition of the City of Iowa City former water plant. He noted that the University had consulted with the City regarding the planned demolition of the former plant and construction of the new residence hall and that the City would be an integral part of the project team as the razing of the facility is planned and executed.

By General Consent, the Committee recommended to the Board approval of the demolition of the City of Iowa City former water plant.

Agenda Item 5 - Register of Iowa State University Capital Improvement Business Transactions

Warren Madden, Iowa State University Senior Vice President for Business and Finance presented the University's register. In response to a question from Senior Vice President Hagar related to the status of the Marston Hall Renovation project, Senior Vice President Madden responded that the University is examining the proposed project schedule to see if adjustments to it would generate more interest in the construction industry as project components are rebid.

By General Consent, the Committee recommended to the Board approval of:

1. Permission to proceed with project planning and the selection of Story Construction as the Construction Manager – Agent for the **Larch Residence Hall - Perimeter Wall Modifications** project.
2. The following actions for the **Friley Residence Hall - Dining Renovation** and **Hach Hall Basement Research Laboratories** projects.
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria;
 - b. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration;
 - c. Approve the schematic design, and project description and budget (\$6,200,000 for Friley and \$4,000,000 for Hach), with the understanding that approval will constitute final Board approval and authorization to proceed with construction; and
 - d. Approve A Resolution Declaring an Official Intent Under Treasury Regulation 1.150-2 to Issue Debt to Reimburse Iowa State University of Science and Technology for Certain Original Expenditures Paid in Connection with the Friley Residence Hall – Dining Renovation.
3. Revised project description and budget (\$27,100,000) for the **Marston Hall Renovation** project.

Agenda Item 6 – Institutional Agreements, Leases and Easements

Policy and Operations Officer Racki presented two lease amendments for the benefit of the University of Iowa and three easements for the benefit of Iowa State University.

By General Consent, the Committee recommended to the Board approval of two lease amendments with Svoboda Rentals LLC for supplemental student housing for the University of Iowa and three easements to extend innerduct and fiber for the benefit of Iowa State University – one easement with ISC Advanced Technologies and two easements with Iowa Network Services.

Agenda Item 7 - University of Iowa Update of Flood Recovery Status

Senior Vice President & Treasurer Doug True introduced Beth Freeman, Federal Emergency Management Agency (FEMA) – Region VII Administrator and Tom Costello, Director of the FEMA Recovery Division of Region VII. He noted that they were in town to tour the facilities affected by the Flood of 2008 and to see the progress that has been made.

Regional Administrator Freeman stated that the University has been a great partner in facilitating the process; she complimented Senior Vice President True and his staff because the process is not simple and a lot of work has been undertaken in this endeavor. She noted the importance of the partnership with Iowa Homeland Security and Emergency Management Department and its personnel.

Senior Vice President True also recognized Dennis Harper and Katie Waters from Iowa Homeland Security and thanked them for their support.

Chairman Dakovich thanked FEMA for the assistance and cooperation shown and noted that the end of a long journey was drawing closer. Regional Administrator Freeman stated that while there have been some bumps along the way, it had been a great partnership.

Senior Vice President True summarized the report that was in the agenda materials and is presented at each Committee meeting. He summarized the status of the major flood recovery/mitigation projects and noted how the severe weather of last winter had impacted the schedules of the projects.

Executive Vice President and Provost Barry Butler gave an update on the replacement of the Museum of Art. In June 2013, the Board granted the University permission to proceed with project planning and to pursue a public/private partnership for a joint-use facility. Following a request for information and qualifications process, the University selected a development partner - H & H Development Group, a local group in partnership with Mortenson Inc. of Minneapolis. Provost Butler noted that the next step is to enter into a multi-month negotiation phase with the selected development team; this step would include selection of the design team, development of the design concept and schematic design (project size of approximately 60,000 square feet), and the establishment of a proposed lease agreement. The lease agreement and design would be presented to the Committee and Board for consideration and approval as the items are completed.

Provost Butler also announced a major outreach effort through the launch of Integrated Outreach With Art (I.O.W.A.), a free, statewide program by the University's Museum of Art that includes a wide range of art exhibitions, loans, education programs, and consulting services to partner institutions in Iowa. He noted that any organization in Iowa can take part in I.O.W.A. and the goal is to include as many partners as possible; there are four levels of participation.

Senior Vice President True also introduced Sean O'Harrow, Director of the Museum of Art and Susan Klatt, Director of Financial Management and Budget, who has worked in the background on the flood recovery process.

The Committee received the report.

Agenda Item 8 – Discussion of Future Committee Agenda Items

Policy and Operations Officer Racki reminded Committee members that December will be a telephonic meeting. She also said that Chair Dakovich asked that the Committee possibly explore items included in Deloitte's catalog of opportunities but not included in the Phase II business cases. She brought to the Committee's attention two items which had been suggested: (1) thresholds – dollar thresholds for Board or Board Office approval and (2) job order contracting.

Regent McKibben suggested that the Committee invite personnel from Ad Astra Information Systems (TIER consultant) to one of the 2015 committee meetings, so that they could present their findings related to efficiencies in scheduling and the impact on space needs.

Chair Dakovich adjourned the meeting at 2:23 p.m.

The corresponding docket memorandum for each agenda item, an integral component of the minutes, is available on the Board of Regents website: <http://www.regents.iowa.gov/>. Copies of these memoranda can also be obtained from the Board Office by calling 515-281-3934.